

TIF GUIDELINE REVISIONS BASED ON STAKEHOLDER RECOMMENDATIONS

Stakeholder Recommendations concerning Target Areas and statutory eligibility

- *City should use Census-tract demographic data to determine statutory eligibility*
- *City should combine Census data with population density, and use TIF to encourage development in higher density areas*
- *Look at areas where banks don't loan as criteria*

REVISION 1. TIF Guidelines will be revised to restructure Target Areas based on statutorily eligible Census-tract demographic data, and if possible, density and bank loan data.

Stakeholder Recommendations concerning City objectives and TIRZ-creation process

- *Use Master Plan Goals and Policies to guide desired development*
- *All TIF policy revisions should follow guidelines of CoSA Master Plan*
- *City should target areas it wants redeveloped, specify its objectives for those areas, and present those to the development community*
- *City should provide greater clarity about its objectives: Master Plan, specific objectives for area*
- *City should identify key properties and encourage development by working with brokers and/or purchasers of property*
- *Use only effective development incentives – those that are tailored to the interests of the development community*
- *Ensure that there are enough incentives for project to work*
- *Ensure that there are enough incentives for infill development*
- *Identify areas that are financially feasible*
- *TIF staff may need to plot every block of 36-mile square to assess whether any development has progressed in last 20 years. Much like COSA arborist inventorying all trees; historic office all buildings. We need to know what we have before we can implement policy. Continuous inventory adjustments should be part of policy.*
- *City should identify and undertake public improvements that relate to the targeted area/zone*
- *There needs to be more than one "deadline" for TIF requests per year -- quarterly at a minimum*

REVISION 2. TIF Guidelines will be revised to support a City-initiated process wherein: 1) reinvestment sites are inventoried and identified; 2) development objectives are defined for each identified site based on Master Plan Goals and Policies; 3) appropriate development incentives are offered, including City-initiated public improvements where appropriate; and 4) an RFP/RFQ is issued for master developer.

Stakeholder Recommendations concerning TIF incentives and the Finance Plan

- *Increase certainty concerning eligible reimbursements, i.e. interest*

- *Take developer's profit margin into consideration when structuring Finance Plan*
- *Do not issue debt for TIF*
- *City should construct public infrastructure*
- *Developer should construct public infrastructure*

REVISION 3. TIF Guidelines will be revised to reflect that the incentive package for each Zone – including construction of public infrastructure, interest payments, and other incentives – will be structured in accordance with the needs of each Zone prior to the RFP/RFQ.

Stakeholder Recommendations concerning Zone objectives

- *Each Zone should have a specific objective: affordable housing, home ownership, mixed-use development, new urbanist development, etc.*
- *I am very concerned with the recommendation that "Each Zone should have a specific objective..." Is this a singular objective? How can we ever create true urban neighborhoods if the focus is so narrowly defined? Shouldn't we be creating zones that have multiple objectives? Shouldn't we be trying to create a synergy based on such things as multiple housing types and good transportation and good park systems? Wouldn't it be great if a zone made several constituencies happy?*
- *Prioritize projects that are or can become mixed use, by emphasizing connectivity, parks, residential/commercial mixed-use development*
- *City needs to pre-determine what the TIF program goals are: affordability, commercial, etc.*
- *I have a concern with this recommendation. If you mean that an individual TIF program has pre-determined goals then yes this recommendation is ok.*

REVISION 4. TIF Guidelines will continue to prioritize reinvestment plans and development that meets multiple policy objectives, while allowing for support of more targeted objectives where appropriate. TIRZ-specific development objectives will support TIF Program goals, but not all TIRZ will implement all Program goals.

Stakeholder Recommendations concerning creation of certainty and minimizing paperwork

- *Need to better synchronize project review timeline and fee schedule*
- *Create certainty by defining Zones, waiving fees, and getting the project done*
- *City could eliminate uncertainty by pre-designating Zones*
- *Create certainty concerning project support by City officials and staff*
- *Streamline approval process prior to Resolution of Intent*
- *The TIF application checklist needs to be reduced to assist developer and cut down on duplicative paperwork*

REVISION 5. City-initiated TIF-creation process will shorten the project review timeline, simplify the fee schedule, and reduce the amount of fees. As a result, it will be easier to synchronize the two and create certainty for all stakeholders. TIF eligibility will no longer be an issue that arises after MDP and engineering, since statutory requirements and City support will be settled prior to issuance of RFP.

City-initiated TIF process will minimize developer paperwork to that required by actual construction. City will be responsible for all preliminary stages of planning.

Stakeholder Recommendations concerning key elements of a market study

- *Once the City has created a Zone, the City should perform a market analysis*
- *More leniency should be given in charging fees upfront for a development market study*

REVISION 6. Market studies will be commissioned for each new TIRZ, so they will be tailored to focus on the TIRZ objectives (unless a market study for that area has been prepared within the last two years) to determine demand, supply, absorption rates, comparables, etc., and to quantify “Need for Public Assistance”.

Stakeholder Recommendations concerning communication of fiscal reports

- *Issue public disclosure of fiscal collections annually: post on website, and transmit to school districts and taxing entities*
- *Construction should be monitored because of impact on school districts; reports should be issued to school districts annually*
- *Official notification (including construction status) should be transmitted to other taxing entities and hospital, fire, and police entities*
- *Program should monitor vacancy, foreclosure and other aspects that impact long-term value [increment] of Zone*

REVISION 7. TIF Guidelines will be revised to prescribe a reporting procedure whereby fiscal collections are transmitted directly to school district and taxing entities on an annual basis.

ADDITIONAL REVISIONS, NOT PROMPTED BY STAKEHOLDER RECOMMENDATIONS

REVISION 8. TIF Guidelines will be revised to specify that County-initiated TIRZ will need to comply with City Guidelines in order to obtain City participation.

STAKEHOLDER RECOMMENDATIONS THAT CAN BE IMPLEMENTED WITHOUT GUIDELINE REVISIONS

Stakeholder Recommendations concerning inclusion of wider policy interests

- *Ensure participation of all taxing entities to maximize TIF leverage*
- *Be inclusive and bring school districts into TIF planning process at early stages*

TIRZ statute requires notification of school districts and taxing entities, making them critical partners in the creation of any TIRZ.

Stakeholder Recommendations concerning administration of Finance Plan

- *Need more flexibility in the Project Plan and Finance Plan*

- *Current quarterly construction reporting requirements are too often*
- Amendments to Finance Plan are allowed by statute without a public hearing, within certain parameters.

Stakeholder Recommendations concerning the management of TIRZ Board vacancies

- *Board members' names should be removed from the board at the time they ask to be removed from the board, not waiting for the removal of their name until replacement is made. Members' slots should have an active name or a "vacant" designation.*

The City will be diligent in the re-appointment process, within the framework of existing rules (the City Charter), which requires that a member appointed to a City board or commission continue to serve until a replacement is appointed.

Stakeholder Recommendations concerning interdepartmental coordination

- *Developer should provide all information given to Development Services to TIF Unit – on the other hand, this may be unrealistic, given the volume of information that developments generate*
- *TIF Unit needs to coordinate better with Development Services*
- *TIF Unit needs to act as an advocate and coordinating agent for projects*

The City-initiated TIF creation process presupposes and requires a close working relationship between TIF Unit, Development Services and other departments. The role of the TIF Unit will be advocate and promoter of City-initiated Zones.

Stakeholder Recommendations concerning the role of TIRZ Boards

- *Need to better synchronize timing of project plan and TIRZ board input*
- *Board should be trained in project management principles to better serve as project managers*
- *Board members should be more active*
- *Boards need more opportunities to change development proposal*
- *TIRZ Boards should participate in project management*

City-initiated process gives TIRZ Boards a more active role in finalizing project plans and managing development.

Tax Increment Financing Program 2006 GUIDELINES

Previous Meetings

Internal Meetings: October 13, 2005; October 26, 2005; December 9, 2005

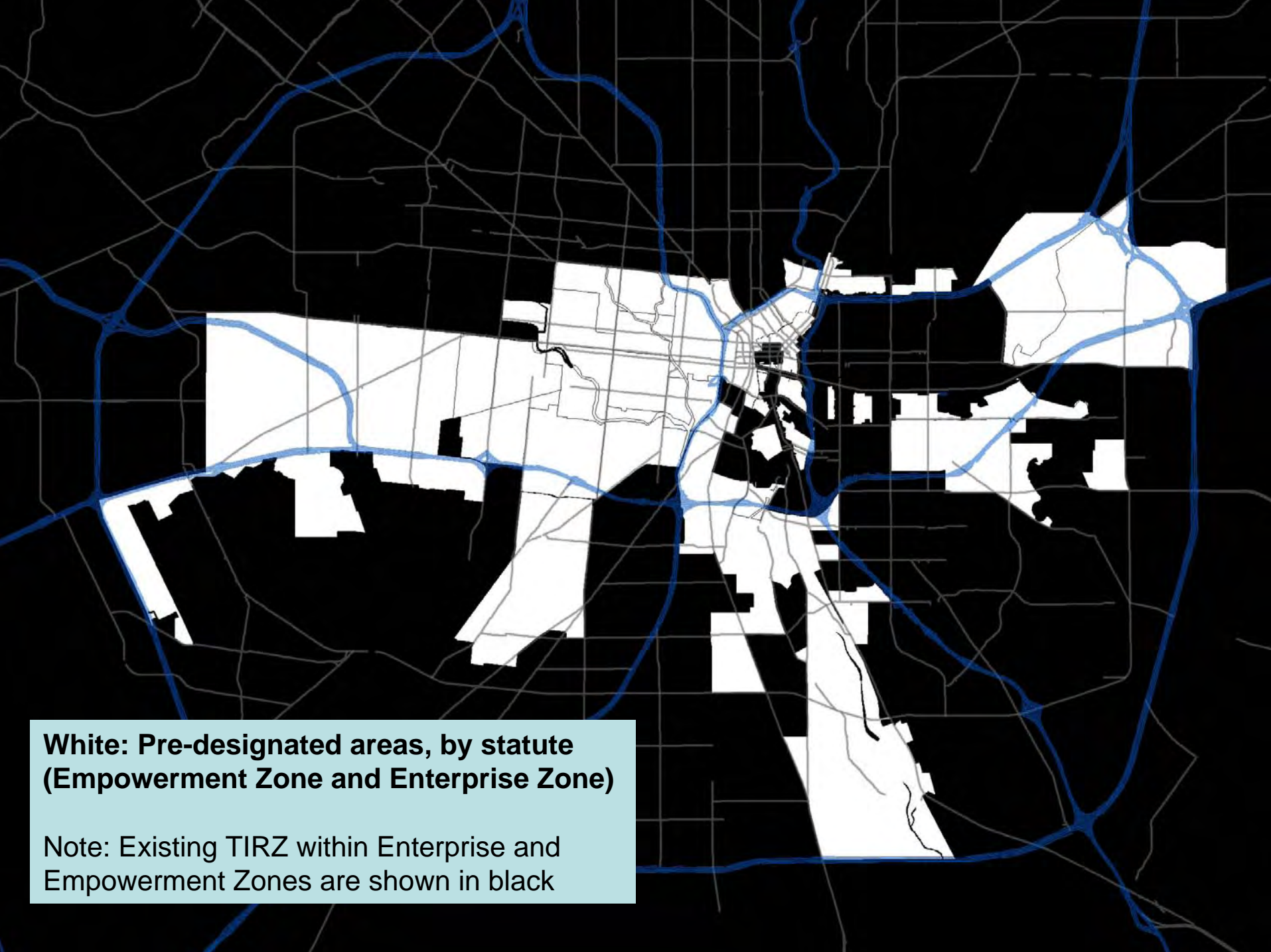
Stakeholder Meetings: December 15, 2005; web page comments

Tonight's Meeting: February 23, 2006

Statutory Eligibility

Creating new Tax Increment Reinvestment Zones

Additional Revisions



**White: Pre-designated areas, by statute
(Empowerment Zone and Enterprise Zone)**

Note: Existing TIRZ within Enterprise and
Empowerment Zones are shown in black

Census tract-based criteria to satisfy statutory requirements

Census: High unemployment

Census: High poverty

Census: Low levels of education

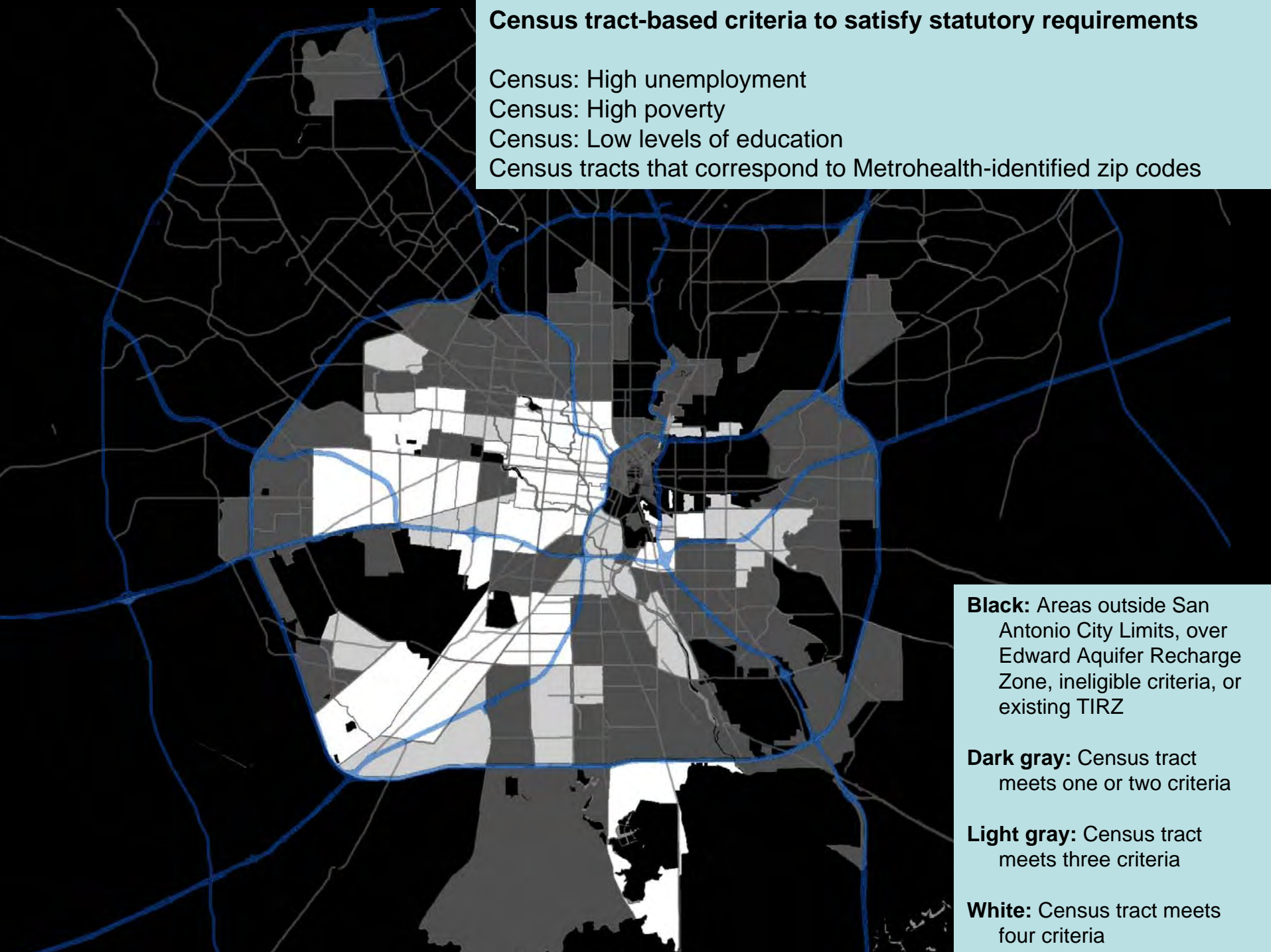
Census tracts that correspond to Metrohealth-identified zip codes

Black: Areas outside San Antonio City Limits, over Edward Aquifer Recharge Zone, ineligible criteria, or existing TIRZ

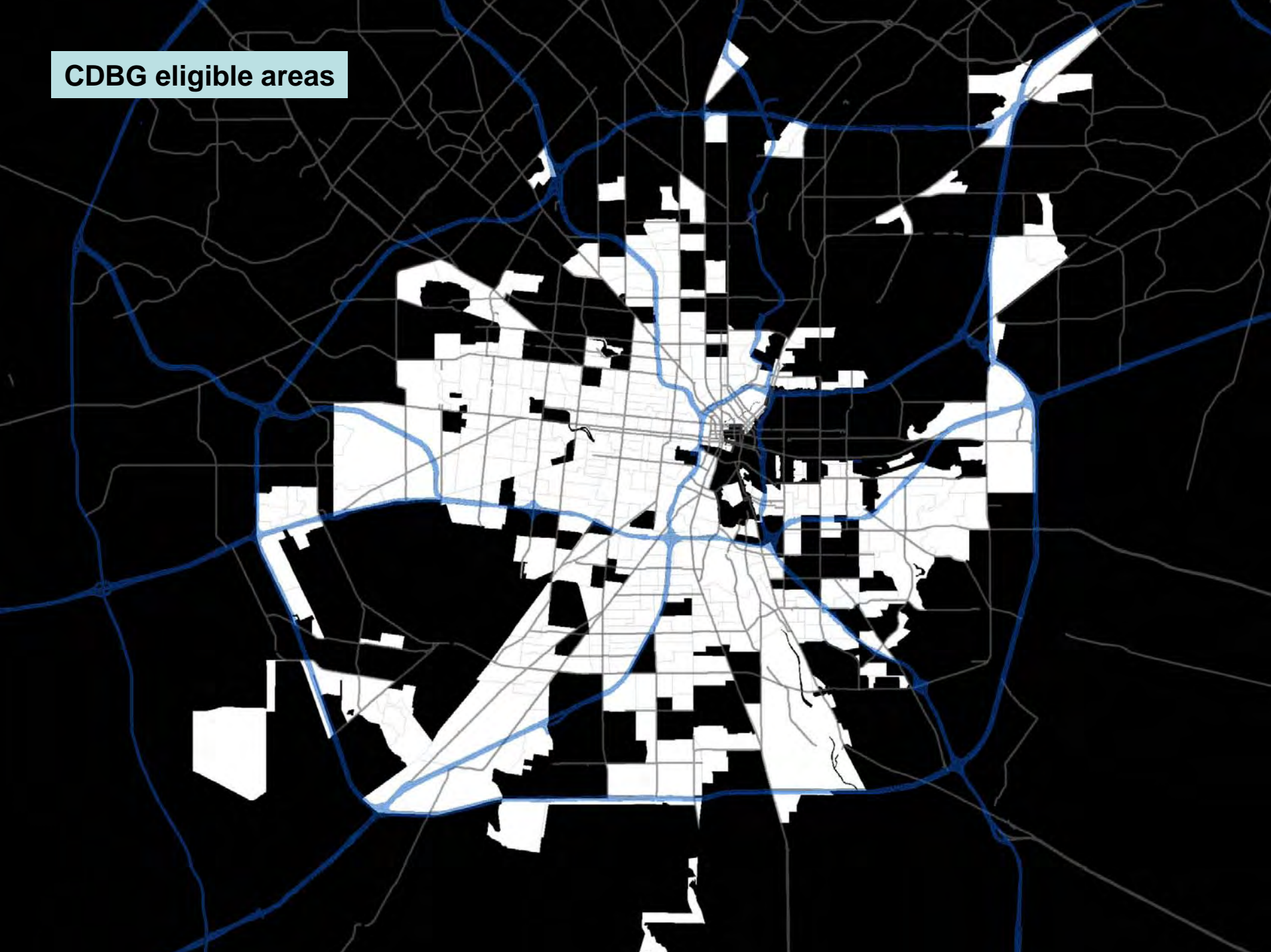
Dark gray: Census tract meets one or two criteria

Light gray: Census tract meets three criteria

White: Census tract meets four criteria



CDBG eligible areas



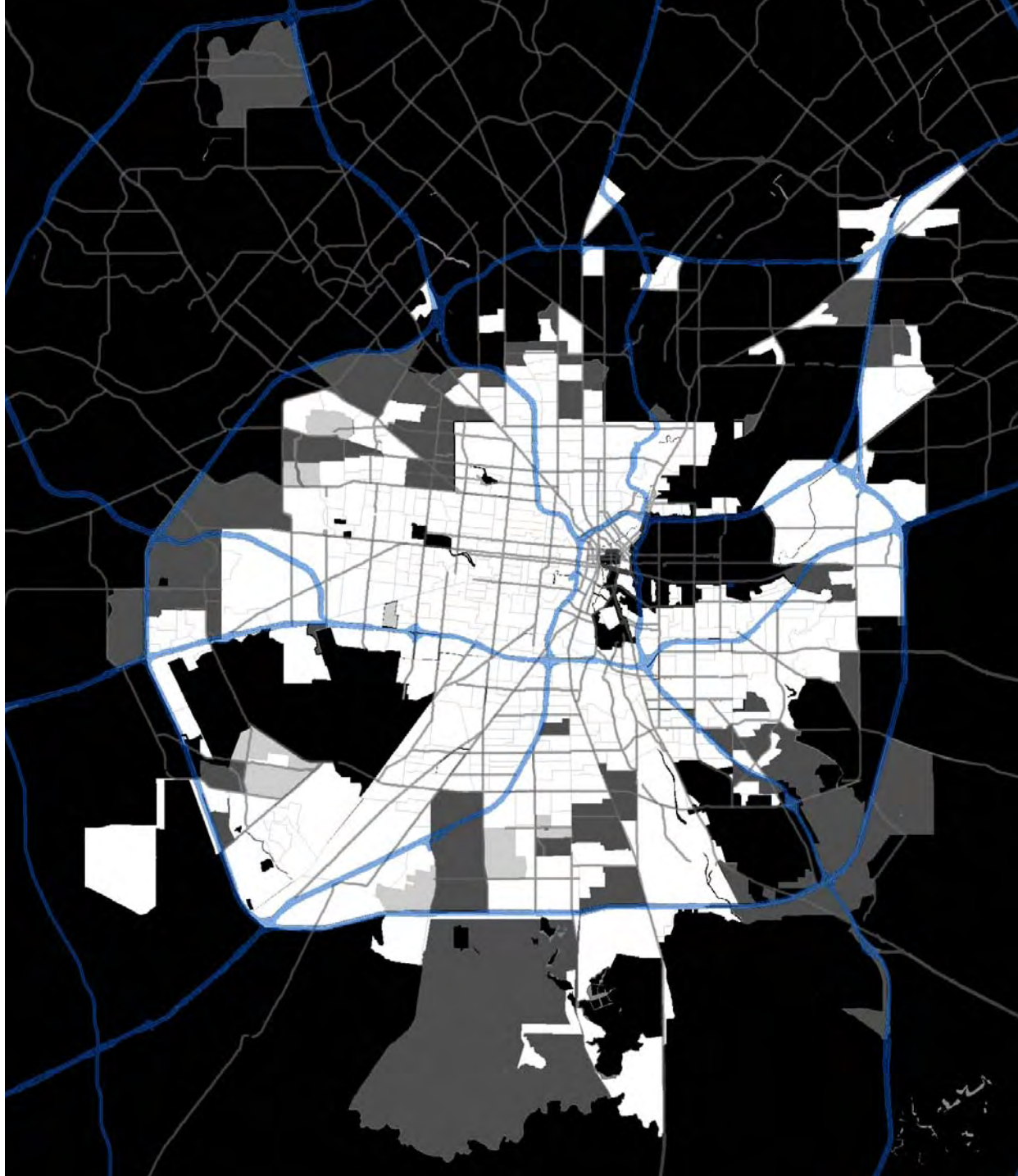
Combined criteria

White: “Pre-designated” by statute, meets all Census tract criteria, in CRAG, or CDBG-eligible. Up to 100% participation / 25 years.

Light Gray: Meets three Census tract criteria. Up to 90% participation / 20 years.

Dark Gray: Meets one or two Census tract criteria. Up to 80% participation / 15 years.

Black: Areas outside San Antonio City Limits, over Edward Aquifer Recharge Zone, ineligible criteria, or existing TIRZ. No participation.



CREATING NEW TAX INCREMENT REINVESTMENT ZONES

All new Tax Increment Reinvestment Zones (TIRZ) will be created through a City-initiated process, in accordance with both Section 311.005 of the Tax Code and the 2006 TIF Guidelines

General process:

- 1) City inventories and identifies reinvestment sites**
- 2) development objectives are defined for each identified site based on Master Plan (and other City-adopted Plan) Goals and Policies**
- 3) appropriate development incentives are offered, including City-initiated public improvements where appropriate**
- 4) an RFP/RFQ is issued for master developer**

CREATING NEW TAX INCREMENT REINVESTMENT ZONES

TIF Guidelines will continue to prioritize reinvestment and development that meets multiple policy objectives, while allowing for support of more targeted objectives where appropriate

Incentive package for each Zone – including construction of public infrastructure, interest payments, and other incentives – will be structured in accordance with the needs of each Zone prior to the RFP/RFQ for master developer

Market studies will be commissioned for each new TIRZ, tailored to focus on the TIRZ objectives, to determine demand, supply, absorption rates, comparables, etc., and to quantify “Need for Public Assistance”

CREATING NEW TAX INCREMENT REINVESTMENT ZONES

City-initiated process qualities:

Minimizes developer paperwork: City will be responsible for all preliminary stages of planning

Greater certainty for developer: shortens the project review timeline, simplifies the fee schedule, and reduces the amount of fees

TIF eligibility will no longer be an issue that arises after MDP and engineering, since statutory requirements and City support will be settled prior to issuance of RFP/RFQ

Gives TIRZ Boards a more critical role in finalizing project plans and managing development

Additional Revisions

County-initiated TIRZ will need to comply with City Guidelines in order to obtain City participation

Fiscal reporting procedure will specify direct reporting to school district and taxing entities on an annual basis